

Sixty-third
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1194

Introduced by

Representatives Keiser, Porter

Senators Klein, Sitte

1 A BILL for an Act to create and enact a new section to chapter 26.1-36 of the North Dakota
2 Century Code, relating to short-term insurance; and to provide a penalty.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new section to chapter 26.1-36 of the North Dakota Century Code is created
5 and enacted as follows:

6 **Short-term care insurance - Rules - Penalty.**

7 1. "Short term care" means any insurance policy, group certificate of insurance, or rider
8 advertised, marketed, offered, or designed to provide coverage for less than twelve
9 consecutive months for each covered period on an expense-incurred, indemnity,
10 prepaid, or other basis for one or more necessary or medically necessary diagnostic,
11 preventative, therapeutic, rehabilitative, maintenance, adult day care, or personal care
12 services provided in an insured's own home or a licensed facility setting other than an
13 acute care unit of a hospital.

14 2. Any policy or rider advertised, marketed, or offered as short-term care insurance must
15 comply with this section and all other applicable insurance laws to the extent the other
16 laws do not conflict with this section.

17 ~~2.3.~~ The insurance commissioner:

18 a. May adopt rules that include standards for full and fair disclosure setting forth the
19 manner, content, and required disclosures for the sale of short-term care
20 insurance policies, terms of renewability, initial and subsequent conditions of
21 eligibility, nonduplication of coverage provisions, coverage of dependents,
22 preexisting conditions, termination of insurance, continuation or conversion,
23 probationary periods, limitations, exceptions, reductions, elimination periods,

1 requirements for replacement, recurrent conditions, incontestability, rescission,
2 return of policy provisions, and definitions of terms.

3 b. May adopt rules establishing loss ratio standards for short-term care insurance
4 policies; provided, that a specific reference to short-term care insurance policies
5 is contained in the rules.

6 c. May adopt rules to promote premium adequacy; protect the policyholder in the
7 event of substantial rate increases; and to establish minimum standards for
8 correcting abusive marketing practices, replacement forms, insurance producer
9 testing, penalties, and reporting practices for short-term care insurance.

10 ~~d. Shall adopt rules to create a short term care benefits comparison guide to be~~
11 ~~presented at the point of sale between the client and insurance producer. The~~
12 ~~guide must include information regarding short term nursing home coverage and~~
13 ~~alternatives to short term nursing home coverage.~~

14 3.4. In addition to any other penalties provided by the laws of this state, any insurer and
15 any insurance producer found to have violated any requirement of this title relating to
16 the regulation of short-term care insurance or the marketing of such insurance is
17 subject to a fine of up to three times the amount of any commission paid for each
18 policy involved in the violation or up to ten thousand dollars, whichever is greater.